

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

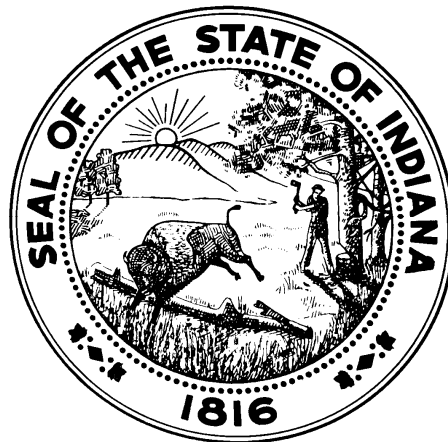
AUDIT REPORT

OF

TOWN OF CHURUBUSCO

WHITLEY COUNTY, INDIANA

January 1, 2006 to December 31, 2007



**FILED**  
11/12/2008



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Geraldine Johnson	01-01-06 to 12-31-11
President of the Town Council	Vivian L. Rosswurm	01-01-06 to 12-31-08
Superintendent of Water Utility	Jeremy A. Hart	01-01-06 to 12-31-08
Superintendent of Wastewater Utility	Robert A. Hyatt	01-01-06 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TO: THE OFFICIALS OF THE TOWN OF CHURUBUSCO, WHITLEY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Churubusco (Town), as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated October 21, 2008, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 21, 2008



# STATE OF INDIANA

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF CHURUBUSCO, WHITLEY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Churubusco (Town), as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, Town Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

October 21, 2008



TOWN OF CHURUBUSCO  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2006

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 277,950	\$ 12,780	\$ -	\$ 7,202	\$ (257,968)	\$ -	\$ (257,968)
Public safety	259,585	1,554	-	-	(258,031)	-	(258,031)
Highways and streets	109,498	-	73,788	7,597	(28,113)	-	(28,113)
Sanitation	78,594	88,097	-	-	9,503	-	9,503
Economic development	-	-	54,681	-	54,681	-	54,681
Culture and recreation	57,007	7,344	11,126	-	(38,537)	-	(38,537)
Total governmental activities	782,634	109,775	139,595	14,799	(518,465)	-	(518,465)
Business-type activities:							
Water	306,755	291,727	34,150	-	-	19,122	19,122
Wastewater	665,469	383,394	62,171	259,058	-	39,154	39,154
Total business-type activities	972,224	675,121	96,321	259,058	-	58,276	58,276
Total primary government	<u>\$ 1,754,858</u>	<u>\$ 784,896</u>	<u>\$ 235,916</u>	<u>\$ 273,857</u>	<u>(518,465)</u>	<u>58,276</u>	<u>(460,189)</u>
General receipts:							
Property taxes					439,301	-	439,301
Other local sources					257,101	-	257,101
Unrestricted investment earnings					11,087	32,608	43,695
Total general receipts					707,489	32,608	740,097
Change in net assets					189,024	90,884	279,908
Net assets - beginning					282,399	1,170,261	1,452,660
Net assets - ending					<u>\$ 471,423</u>	<u>\$ 1,261,145</u>	<u>\$ 1,732,568</u>
<u>Assets</u>							
Cash and investments					\$ 363,215	\$ 150,218	\$ 513,433
Restricted assets:							
Cash and investments					108,208	1,110,927	1,219,135
Total assets					<u>\$ 471,423</u>	<u>\$ 1,261,145</u>	<u>\$ 1,732,568</u>
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 82,329	\$ -	\$ 82,329
Culture and recreation					25,879	-	25,879
Debt service					-	709,340	709,340
Other purposes					-	401,587	401,587
Unrestricted					363,215	150,218	513,433
Total net assets					<u>\$ 471,423</u>	<u>\$ 1,261,145</u>	<u>\$ 1,732,568</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CHURUBUSCO  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006

	General	Motor Vehicle Highway	Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 316,342	\$ 60,388	\$ -	\$ 62,571	\$ 439,301
Intergovernmental	179,210	73,131	54,681	33,227	340,249
Charges for services	100,876	-	-	7,344	108,220
Fines and forfeits	328	-	-	1,553	1,881
Other	20,668	658	-	3,181	24,507
Total receipts	617,424	134,177	54,681	107,876	914,158
Disbursements:					
General government	169,983	-	-	21,717	191,700
Public safety	258,824	-	-	761	259,585
Highways and streets	-	87,504	-	21,994	109,498
Sanitation	78,594	-	-	-	78,594
Culture and recreation	-	-	-	52,636	52,636
Total disbursements	507,401	87,504	-	97,108	692,013
Excess of receipts over disbursements	110,023	46,673	54,681	10,768	222,145
Other financing sources (uses):					
Interfund loans received	57,500	-	-	-	57,500
Interfund loans paid	(86,250)	-	-	(4,371)	(90,621)
Transfers in	40,748	1,814	-	32,993	75,555
Transfers out	(9,224)	(6,814)	-	(59,517)	(75,555)
Total other financing sources (uses)	2,774	(5,000)	-	(30,895)	(33,121)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	112,797	41,673	54,681	(20,127)	189,024
Cash and investment fund balance - beginning	14,137	5,815	157,158	105,289	282,399
Cash and investment fund balance - ending	<u>\$ 126,934</u>	<u>\$ 47,488</u>	<u>\$ 211,839</u>	<u>\$ 85,162</u>	<u>\$ 471,423</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 126,934	\$ -	\$ 211,839	\$ 24,442	\$ 363,215
Restricted assets:					
Cash and investments	-	47,488	-	60,720	108,208
Total cash and investment assets - December 31	<u>\$ 126,934</u>	<u>\$ 47,488</u>	<u>\$ 211,839</u>	<u>\$ 85,162</u>	<u>\$ 471,423</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ 47,488	\$ -	\$ 34,841	\$ 82,329
Culture and recreation	-	-	-	25,879	25,879
Unrestricted	126,934	-	211,839	24,442	363,215
Total cash and investment fund balance - December 31	<u>\$ 126,934</u>	<u>\$ 47,488</u>	<u>\$ 211,839</u>	<u>\$ 85,162</u>	<u>\$ 471,423</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CHURUBUSCO  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts:			
Residential, commercial, industrial	\$ 265,300	\$ -	\$ 265,300
Measured revenue:			
Residential, commercial, industrial	-	375,126	375,126
Fire protection receipts	11,305	-	11,305
Other water receipts	15,122	-	15,122
Other	-	8,268	8,268
Total operating receipts	291,727	383,394	675,121
Operating disbursements:			
Equipment and capital improvements	23,329	366,916	390,245
Salaries and wages	71,659	107,401	179,060
Employee pensions and benefits	6,247	9,697	15,944
Purchased power	5,897	47,943	53,840
Sludge removal	-	7,705	7,705
Chemicals	1,226	1,380	2,606
Material and supplies	26,099	30,728	56,827
Contractual services	5,907	27,722	33,629
Office	3,323	3,330	6,653
Insurance disbursements	30,164	50,161	80,325
Gross income tax	3,370	-	3,370
Audit costs	2,525	2,369	4,894
Miscellaneous disbursements	14,759	9,217	23,976
Total operating disbursements	194,505	664,569	859,074
Excess (deficiency) of operating receipts over operating disbursements	97,222	(281,175)	(183,953)
Nonoperating receipts (disbursements):			
Interest and investment receipts	25,623	6,985	32,608
Miscellaneous receipts	34,150	62,171	96,321
Debt service of principal	(31,000)	-	(31,000)
Interest and investment disbursement	(19,500)	(300)	(19,800)
Miscellaneous disbursements	(61,750)	(600)	(62,350)
Total nonoperating receipts (disbursements)	(52,477)	68,256	15,779
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	44,745	(212,919)	(168,174)
Capital contributions	-	259,058	259,058
Transfers in	50,000	362,772	412,772
Transfers out	(50,000)	(362,772)	(412,772)
Excess of receipts, contributions and transfers in over disbursements and transfers out	44,745	46,139	90,884
Cash and investment fund balance - beginning	857,118	313,143	1,170,261
Cash and investment fund balance - ending	\$ 901,863	\$ 359,282	\$ 1,261,145
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 62,279	\$ 87,939	\$ 150,218
Restricted assets:			
Cash and investments	839,584	271,343	1,110,927
Total cash and investment assets - December 31	\$ 901,863	\$ 359,282	\$ 1,261,145
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 609,595	\$ 99,745	\$ 709,340
Other purposes	229,989	171,598	401,587
Unrestricted	62,279	87,939	150,218
Total cash and investment fund balance - December 31	\$ 901,863	\$ 359,282	\$ 1,261,145

The notes to the financial statements are an integral part of this statement.

TOWN OF CHURUBUSCO  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2006

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 6,895	\$ -
Agency fund additions	<u>-</u>	<u>1,230,284</u>
Total additions	<u>6,895</u>	<u>1,230,284</u>
Deductions:		
Agency fund deductions	<u>-</u>	<u>1,230,419</u>
Total deductions	<u>-</u>	<u>1,230,419</u>
Excess (deficiency) of total additions over total deductions	6,895	(135)
Cash and investment fund balance - beginning	<u>1,899</u>	<u>399</u>
Cash and investment fund balance - ending	<u><u>\$ 8,794</u></u>	<u><u>\$ 264</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CHURUBUSCO  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2007

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 195,851	\$ 12,658	\$ 931	\$ 5,852	\$ (176,410)	\$ -	\$ (176,410)
Public safety	279,861	1,751	-	-	(278,110)	-	(278,110)
Highways and streets	91,783	-	76,805	7,637	(7,341)	-	(7,341)
Sanitation	78,595	87,939	-	-	9,344	-	9,344
Economic development	38,554	-	51,456	-	12,902	-	12,902
Culture and recreation	52,725	7,425	6,676	-	(38,624)	-	(38,624)
Total governmental activities	737,369	109,773	135,868	13,489	(478,239)	-	(478,239)
Business-type activities:							
Water	296,762	280,064	33,400	-	-	16,702	16,702
Wastewater	707,525	524,687	300	262,736	-	80,198	80,198
Total business-type activities	1,004,287	804,751	33,700	262,736	-	96,900	96,900
Total primary government	\$ 1,741,656	\$ 914,524	\$ 169,568	\$ 276,225	(478,239)	96,900	(381,339)
General receipts:							
Property taxes					268,157	-	268,157
Other local sources					215,829	-	215,829
Unrestricted investment earnings					11,746	41,592	53,338
Total general receipts					495,732	41,592	537,324
Change in net assets					17,493	138,492	155,985
Net assets - beginning					471,423	1,261,145	1,732,568
Net assets - ending					\$ 488,916	\$ 1,399,637	\$ 1,888,553
<u>Assets</u>							
Cash and investments					\$ 356,026	\$ 173,529	\$ 529,555
Restricted assets:							
Cash and investments					132,890	1,226,108	1,358,998
Total assets					\$ 488,916	\$ 1,399,637	\$ 1,888,553
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 117,048	\$ -	\$ 117,048
Culture and recreation					15,842	-	15,842
Debt service					-	759,619	759,619
Other purposes					-	466,489	466,489
Unrestricted					356,026	173,529	529,555
Total net assets					\$ 488,916	\$ 1,399,637	\$ 1,888,553

The notes to the financial statements are an integral part of this statement.

TOWN OF CHURUBUSCO  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	General	Motor Vehicle Highway	Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 197,519	\$ 42,051	\$ -	\$ 28,587	\$ 268,157
Intergovernmental	209,071	76,787	51,456	19,947	357,261
Charges for services	100,598	-	-	7,425	108,023
Fines and forfeits	491	-	-	1,752	2,243
Other	18,013	17	-	1,150	19,180
Total receipts	<u>525,692</u>	<u>118,855</u>	<u>51,456</u>	<u>58,861</u>	<u>754,864</u>
Disbursements:					
General government	152,592	-	-	14,509	167,101
Public safety	278,984	-	-	877	279,861
Highways and streets	-	78,039	-	13,744	91,783
Sanitation	78,596	-	-	-	78,596
Economic development	-	-	38,555	-	38,555
Culture and recreation	-	-	-	52,725	52,725
Total disbursements	<u>510,172</u>	<u>78,039</u>	<u>38,555</u>	<u>81,855</u>	<u>708,621</u>
Excess (deficiency) of receipts over disbursements	15,520	40,816	12,901	(22,994)	46,243
Other financing sources (uses)					
Interfund loans paid	<u>(28,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,750)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(13,230)	40,816	12,901	(22,994)	17,493
Cash and investment fund balance - beginning	<u>126,934</u>	<u>47,488</u>	<u>211,839</u>	<u>85,162</u>	<u>471,423</u>
Cash and investment fund balance - ending	<u>\$ 113,704</u>	<u>\$ 88,304</u>	<u>\$ 224,740</u>	<u>\$ 62,168</u>	<u>\$ 488,916</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 113,704	\$ -	\$ 224,740	\$ 17,582	\$ 356,026
Restricted assets:					
Cash and investments	<u>-</u>	<u>88,304</u>	<u>-</u>	<u>44,586</u>	<u>132,890</u>
Total cash and investment assets - December 31	<u>\$ 113,704</u>	<u>\$ 88,304</u>	<u>\$ 224,740</u>	<u>\$ 62,168</u>	<u>\$ 488,916</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ 88,304	\$ -	\$ 28,744	\$ 117,048
Culture and recreation	-	-	-	15,842	15,842
Unrestricted	<u>113,704</u>	<u>-</u>	<u>224,740</u>	<u>17,582</u>	<u>356,026</u>
Total cash and investment fund balance - December 31	<u>\$ 113,704</u>	<u>\$ 88,304</u>	<u>\$ 224,740</u>	<u>\$ 62,168</u>	<u>\$ 488,916</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CHURUBUSCO  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2007

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts:			
Residential, commercial, industrial	\$ 257,099	\$ -	\$ 257,099
Measured revenue:			
Residential, commercial, industrial	-	519,763	519,763
Fire protection receipts	11,305	-	11,305
Other water receipts	11,660	-	11,660
Other	-	4,924	4,924
Total operating receipts	<u>280,064</u>	<u>524,687</u>	<u>804,751</u>
Operating disbursements:			
Equipment and capital improvements	34,785	324,311	359,096
Salaries and wages	81,815	140,414	222,229
Employee pensions and benefits	6,845	12,396	19,241
Purchased power	7,492	47,744	55,236
Sludge removal	-	13,303	13,303
Chemicals	1,772	2,345	4,117
Material and supplies	35,439	43,826	79,265
Contractual services	9,352	34,372	43,724
Office	2,054	2,254	4,308
Insurance disbursements	37,894	58,005	95,899
Gross income tax	3,267	-	3,267
Miscellaneous disbursements	19,897	12,618	32,515
Total operating disbursements	<u>240,612</u>	<u>691,588</u>	<u>932,200</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>39,452</u>	<u>(166,901)</u>	<u>(127,449)</u>
Nonoperating receipts (disbursements):			
Interest and investment receipts	32,262	9,330	41,592
Miscellaneous receipts	33,400	300	33,700
Debt service of principal	(33,000)	-	(33,000)
Interest and investment disbursement	(17,950)	(15,737)	(33,687)
Miscellaneous disbursements	(5,200)	(200)	(5,400)
Total nonoperating receipts (disbursements)	<u>9,512</u>	<u>(6,307)</u>	<u>3,205</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>48,964</u>	<u>(173,208)</u>	<u>(124,244)</u>
Capital contributions	-	262,736	262,736
Transfers in	77,000	61,080	138,080
Transfers out	(77,000)	(61,080)	(138,080)
Excess of receipts, contributions and transfers in over disbursements and transfers out	<u>48,964</u>	<u>89,528</u>	<u>138,492</u>
Cash and investment fund balance - beginning	<u>901,863</u>	<u>359,282</u>	<u>1,261,145</u>
Cash and investment fund balance - ending	<u>\$ 950,827</u>	<u>\$ 448,810</u>	<u>\$ 1,399,637</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 74,956	\$ 98,573	\$ 173,529
Restricted assets:			
Cash and investments	<u>875,871</u>	<u>350,237</u>	<u>1,226,108</u>
Total cash and investment assets - December 31	<u>\$ 950,827</u>	<u>\$ 448,810</u>	<u>\$ 1,399,637</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 612,425	\$ 147,194	\$ 759,619
Other purposes	263,446	203,043	466,489
Unrestricted	<u>74,956</u>	<u>98,573</u>	<u>173,529</u>
Total cash and investment fund balance - December 31	<u>\$ 950,827</u>	<u>\$ 448,810</u>	<u>\$ 1,399,637</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CHURUBUSCO  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2007

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 17,084	\$ -
Agency fund additions	<u>-</u>	<u>1,394,258</u>
Total additions	<u>17,084</u>	<u>1,394,258</u>
Deductions:		
Administrative and general	18,090	-
Agency fund deductions	<u>-</u>	<u>1,394,293</u>
Total deductions	<u>18,090</u>	<u>1,394,293</u>
Deficiency of total additions over total deductions	(1,006)	(35)
Cash and investment fund balance - beginning	<u>8,794</u>	<u>264</u>
Cash and investment fund balance - ending	<u><u>\$ 7,788</u></u>	<u><u>\$ 229</u></u>

The notes to the financial statements are an integral part of this statement.



TOWN OF CHURUBUSCO  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment and housing.

The Town's financial reporting entity is composed of the primary government.

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund accounts for the Town's allocation of collections by the state for certain taxes, duties, and fees on motor vehicles, trailers, motor vehicle fuel or motor vehicle owners or operators. This fund is used for construction, repairs, maintenance, and related expenditures for highways and streets.

The economic development income tax fund accounts for financial resources from county economic development income taxes to be used for economic development purposes for the Town.

TOWN OF CHURUBUSCO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Town reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the Town reports the following fund types:

The private-purpose trust funds report trust arrangements under which principal and income benefit the citizens of the Town of Churubusco.

Agency funds account for assets held by the Town as an agent for the Town of Churubusco and serve as control of accounts for certain cash transactions during the time they are a liability to the Town.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the enterprise funds and the governmental funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services.

TOWN OF CHURUBUSCO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

TOWN OF CHURUBUSCO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

TOWN OF CHURUBUSCO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Town does not have a deposit policy for custodial credit risk. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

TOWN OF CHURUBUSCO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Investments

As of December 31, 2007, the Town had the following investments:

Investment Type	Market Value
U.S. treasuries and securities	\$ 115,538

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Town to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the Town may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Town's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy for custodial credit risk for investments.

TOWN OF CHURUBUSCO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town must follow state statute and limit the stated final maturities of the investments to no more than two years. The Town does not have a formal investment policy for interest rate risk for investments.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ 115,538	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The Town does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The Town does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006
General Fund	Other governmental funds	\$ 9,224
Motor Vehicle Highway Fund	Other governmental funds	6,814
Other governmental funds	General Fund	40,748
	Motor Vehicle Highway Fund	1,814
	Other governmental funds	16,955
Total		<u>\$ 75,555</u>

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

TOWN OF CHURUBUSCO  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Subsequent Events

On May 22, 2008, the Town retired the outstanding water utility revenue bonds of \$326,000.

The Town has applied for a Community Development Block Grant of \$500,000, and a State Revolving Fund Loan of \$1,600,000 to help fund a water treatment project estimated to cost \$2,362,500. The remaining costs are to be paid from water utility funds.

C. Rate Structure – Enterprise Funds

Water Utility

On August 19, 1998, the Town Council adopted Ordinance Number 98-01 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Town Council on January 2, 2008.

Wastewater Utility

The current rate structure was approved by the Town Council on July 12, 2006.



TOWN OF CHURUBUSCO  
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
OTHER GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006

	Local Road and Street	Park and Recreation	Law Enforcement Continuing Education	Riverboat	Rainy Day
Receipts:					
Taxes	\$ -	\$ 62,571	\$ -	\$ -	\$ -
Intergovernmental	7,597	7,194	-	10,484	-
Charges for services	-	7,344	-	-	-
Fines and forfeits	-	-	1,553	-	-
Other	-	1,931	-	-	-
Total receipts	7,597	79,040	1,553	10,484	-
Disbursements:					
General government	-	-	-	-	-
Public safety	-	-	761	-	-
Highways and streets	21,409	-	-	-	-
Culture and recreation	-	50,636	-	-	-
Total disbursements	21,409	50,636	761	-	-
Excess (deficiency) of receipts over disbursements	(13,812)	28,404	792	10,484	-
Other financing sources (uses):					
Interfund loans paid	-	(4,371)	-	-	-
Transfers in	5,000	15,042	-	-	-
Transfers out	-	(1,913)	-	(31,524)	(13,129)
Total other financing sources (uses)	5,000	8,758	-	(31,524)	(13,129)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,812)	37,162	792	(21,040)	(13,129)
Cash and investment fund balance - beginning	43,653	(11,310)	904	21,040	13,129
Cash and investment fund balance - ending	<u>\$ 34,841</u>	<u>\$ 25,852</u>	<u>\$ 1,696</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ -	\$ -	\$ 1,696	\$ -	\$ -
Restricted assets:					
Cash and investments	34,841	25,852	-	-	-
Total cash and investment assets - December 31	<u>\$ 34,841</u>	<u>\$ 25,852</u>	<u>\$ 1,696</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ 34,841	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	25,852	-	-	-
Unrestricted	-	-	1,696	-	-
Total cash and investment fund balance - December 31	<u>\$ 34,841</u>	<u>\$ 25,852</u>	<u>\$ 1,696</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF CHURUBUSCO  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Park Nonreverting Operating	Cumulative Capital Improvement	Levy Excess	Totals
Receipts:				
Taxes	\$ -	\$ -	\$ -	\$ 62,571
Intergovernmental	2,000	5,952	-	33,227
Charges for services	-	-	-	7,344
Fines and forfeits	-	-	-	1,553
Other	-	1,250	-	3,181
Total receipts	2,000	7,202	-	107,876
Disbursements:				
General government	-	21,717	-	21,717
Public safety	-	-	-	761
Highways and streets	-	585	-	21,994
Culture and recreation	2,000	-	-	52,636
Total disbursements	2,000	22,302	-	97,108
Excess (deficiency) of receipts over disbursements	-	(15,100)	-	10,768
Other financing sources (uses):				
Interfund loans paid	-	-	-	(4,371)
Transfers in	-	-	12,951	32,993
Transfers out	-	-	(12,951)	(59,517)
Total other financing sources (uses)	-	-	-	(30,895)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(15,100)	-	(20,127)
Cash and investment fund balance - beginning	27	37,846	-	105,289
Cash and investment fund balance - ending	<u>27</u>	<u>22,746</u>	<u>-</u>	<u>85,162</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ -	\$ 22,746	\$ -	\$ 24,442
Restricted assets:				
Cash and investments	27	-	-	60,720
Total cash and investment assets - December 31	<u>27</u>	<u>22,746</u>	<u>-</u>	<u>85,162</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Highways and streets	\$ -	\$ -	\$ -	\$ 34,841
Culture and recreation	27	-	-	25,879
Unrestricted	-	22,746	-	24,442
Total cash and investment fund balance - December 31	<u>27</u>	<u>22,746</u>	<u>-</u>	<u>85,162</u>

TOWN OF CHURUBUSCO  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2006

	Police Donation	Park and Recreation Gift	Totals
Additions:			
Contributions:			
Other	\$ -	\$ 6,895	\$ 6,895
Excess of total additions over total deductions	-	6,895	6,895
Cash and investment fund balance - beginning	100	1,799	1,899
Cash and investment fund balance - ending	<u>\$ 100</u>	<u>\$ 8,694</u>	<u>\$ 8,794</u>

TOWN OF CHURUBUSCO  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2006

	<u>Payroll</u>	<u>Utilities Clearing</u>	<u>Other</u>	<u>Totals</u>
Additions:				
Agency fund additions	<u>\$ 501,417</u>	<u>\$ 728,521</u>	<u>\$ 346</u>	<u>\$ 1,230,284</u>
Deductions:				
Agency fund deductions	<u>501,417</u>	<u>728,521</u>	<u>481</u>	<u>1,230,419</u>
Deficiency of total additions over total deductions	-	-	(135)	(135)
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>399</u>	<u>399</u>
Cash and investment fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 264</u></u>	<u><u>\$ 264</u></u>

TOWN OF CHURUBUSCO  
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
OTHER GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	Local Road and Street	Park and Recreation	Law Enforcement Continuing Education	Rainy Day	Park Nonreverting Operating	Cumulative Capital Improvement	Totals
Receipts:							
Taxes	\$ -	\$ 28,587	\$ -	\$ -	\$ -	\$ -	\$ 28,587
Intergovernmental	7,638	5,526	-	931	-	5,852	19,947
Charges for services	-	7,425	-	-	-	-	7,425
Fines and forfeits	-	-	1,752	-	-	-	1,752
Other	-	1,150	-	-	-	-	1,150
Total receipts	<u>7,638</u>	<u>42,688</u>	<u>1,752</u>	<u>931</u>	<u>-</u>	<u>5,852</u>	<u>58,861</u>
Disbursements:							
General government	-	-	-	-	-	14,509	14,509
Public safety	-	-	877	-	-	-	877
Highways and streets	13,735	-	-	-	-	9	13,744
Culture and recreation	-	52,698	-	-	27	-	52,725
Total disbursements	<u>13,735</u>	<u>52,698</u>	<u>877</u>	<u>-</u>	<u>27</u>	<u>14,518</u>	<u>81,855</u>
Excess (deficiency) of receipts over disbursements	(6,097)	(10,010)	875	931	(27)	(8,666)	(22,994)
Cash and investment fund balance - beginning	<u>34,841</u>	<u>25,852</u>	<u>1,696</u>	<u>-</u>	<u>27</u>	<u>22,746</u>	<u>85,162</u>
Cash and investment fund balance - ending	<u>\$ 28,744</u>	<u>\$ 15,842</u>	<u>\$ 2,571</u>	<u>\$ 931</u>	<u>\$ -</u>	<u>\$ 14,080</u>	<u>\$ 62,168</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ 2,571	\$ 931	\$ -	\$ 14,080	\$ 17,582
Restricted assets:							
Cash and investments	<u>28,744</u>	<u>15,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,586</u>
Total cash and investment assets - December 31	<u>\$ 28,744</u>	<u>\$ 15,842</u>	<u>\$ 2,571</u>	<u>\$ 931</u>	<u>\$ -</u>	<u>\$ 14,080</u>	<u>\$ 62,168</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ 28,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,744
Culture and recreation	-	15,842	-	-	-	-	15,842
Unrestricted	<u>-</u>	<u>-</u>	<u>2,571</u>	<u>931</u>	<u>-</u>	<u>14,080</u>	<u>17,582</u>
Total cash and investment fund balance - December 31	<u>\$ 28,744</u>	<u>\$ 15,842</u>	<u>\$ 2,571</u>	<u>\$ 931</u>	<u>\$ -</u>	<u>\$ 14,080</u>	<u>\$ 62,168</u>

TOWN OF CHURUBUSCO  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2007

	Police Donation	Park and Recreation Gift	Totals
Additions:			
Contributions:			
Other	\$ -	\$ 17,084	\$ 17,084
Deductions:			
Administrative and general	-	18,090	18,090
Deficiency of total additions over total deductions	-	(1,006)	(1,006)
Cash and investment fund balance - beginning	100	8,694	8,794
Cash and investment fund balance - ending	<u>\$ 100</u>	<u>\$ 7,688</u>	<u>\$ 7,788</u>

TOWN OF CHURUBUSCO  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2007

	Payroll	Utilities Clearing	Other	Totals
Additions:				
Agency fund additions	\$ 534,716	\$ 859,040	\$ 502	\$ 1,394,258
Deductions:				
Agency fund deductions	534,751	859,040	502	1,394,293
Deficiency of total additions over total deductions	(35)	-	-	(35)
Cash and investment fund balance - beginning	-	-	264	264
Cash and investment fund balance - ending	\$ (35)	\$ -	\$ 264	\$ 229

TOWN OF CHURUBUSCO  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water improvement project of 1975	\$ 326,000	\$ 50,300
Wastewater Utility		
Loans payable:		
Wastewater expansion project of 2006	790,041	59,594
Total business-type activities debt	\$ 1,116,041	\$ 109,894



TOWN OF CHURUBUSCO  
AUDIT RESULTS AND COMMENTS

ORDINANCES AND RESOLUTIONS

On July 12, 2006, the Town Council passed Ordinance 2006-03 amending the wastewater rates and charges. Errors were made when the new rates were entered into the computer billing software resulting in the incorrect billing of some accounts.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Wastewater Utility Bond and Interest Fund and the Wastewater Utility Reserve Fund. The records presented did not include funds held by the Bank of New York for the State Revolving Fund loan debt retirement. Beginning balances, receipts, disbursements, and ending balances were not reported.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The Town does not maintain sufficient detailed records of capital assets for the Town or the Utilities. Some capital asset purchases were not recorded, no disposals were recorded and there were no totals on the Capital Assets Ledger (City and Town Form 211). A similar comment appeared in prior Report B27175.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF CHURUBUSCO, WHITLEY COUNTY, INDIANA

### Compliance

We have audited the compliance of the Town of Churubusco (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2007. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2007.

### Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, Town Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

October 21, 2008

TOWN OF CHURUBUSCO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-06	Total Federal Awards Expended 12-31-07
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Office of Community and Rural Affairs Community Development Block Grants - State's Program	14.228	CF-05-228	\$ 391,398	\$ 108,602
Total for federal grantor agency			391,398	108,602
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW0521311	268,457	79,477
Total for federal grantor agency			268,457	79,477
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance	97.036	EM 3274	-	2,282
Total for federal grantor agency			-	2,282
Total federal awards expended			\$ 659,855	\$ 190,361

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF CHURUBUSCO  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Churubusco (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF CHURUBUSCO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants – State's Program
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



TOWN OF CHURUBUSCO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF CHURUBUSCO  
EXIT CONFERENCE

The contents of this report were discussed on October 21, 2008, with Geraldine Johnson, Clerk-Treasurer; and Vivian L. Rosswurm, President of the Town Council.